

Federal Fiscal Team Newsletter – May 2006

Information about changing audit & fiscal issues related to grants

Please provide copies to appropriate staff.

To: Superintendents, Business Managers, Program Managers, Directors

CC: Auditors, State Auditor of Accounts

New crosschecking capability – The department's new accounting database is now being used to check grant expenditures reported in the audits to the same expenditures reported in the SDE 1.1 reports.



The initial comparisons are supporting our theory that the information provided in the final SDE 1.1 is highly accurate and therefore expenditures reported by this office to the federal agencies are accurate. If a discrepancy is found between the reports, sub-recipients are asked to resolve the difference and submit revised reports.

Single Audit determination – In some instances Federal funds are reported in the general fund, the special revenue fund, the operating account of a child organization and the proprietary fund. The combination of the federal expenditures in these accounts could meet or exceed the single audit threshold. If the desk review of the audit determines a single audit should have been conducted, your entity will have to submit the single audit. The audit firm will have to conduct extra work and it may not be completed by the submission deadline.

Corrective Action Implementation – Some of the corrective action plans are not being generated after the audit is received or are incomplete.

Circular A-133 §315 states the auditee is responsible for corrective action on all findings. OMB guidance requires resolution of issues reported in the audit within six months. An entity's corrective action for a finding with an implementation date of July 07 for an FY 05 audit finding is not considered timely. If your audit has findings, the time to start planning the corrective action is the day that you are aware a problem exists; you do not want to carry the problem over into additional years.

Audit finding detail - Some audits do not include enough information to allow determination whether the corrective action implemented is acceptable. §510(b) Audit finding detail requires the finding to be presented in sufficient

detail to allow auditees to prepare a corrective action and for the pass-through organization to arrive at a management decision. Specific information required: program title, CFDA number and pass through number, the criteria on which the finding is based, the condition, (including the facts that support the deficiency), possible effect on the organization, and reference numbers. Example 05-1 For findings related to state funds the revenue code should be included.

Incorrect Finance and Management reports Based on Agency of Administration Bulletin 5.0, VT Dept of Finance and Management requires submission of Certificate of Audit Requirement forms from each entity that received federal funds from a VT State Agency and has a single audit requirement. A number of LEAs submitted the form incorrectly checking the yes block indicating they were required to have a single audit. The only way to get off the list is to submit a single audit to this office or a revised Certification of Audit form and a sub-recipient Schedule of Federal Expenditures to Finance and Management.

It's that time again! It's a good time to start thinking about starting the process to contract with an audit firm to conduct the FY 06 audits. It takes a while to go through the advertising and bid process to make the selection and get a firm that can complete the audit before the nine-month deadline. This year over twenty entities had funds suspended on April 1st for failure to submit the required audit; not a pleasant experience for you or us.

Thank you! This time of year is busy with year-end closings and hiring audit firms. Some of you will be moving to new positions or taking the opportunity to retire. We hope whatever happens that you have time to enjoy your summer; you deserve it. Thank you for your cooperation during the past year to get audits completed and issues resolved.

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Your comments are welcomed.